



HAWKESBURY RIVER COUNTY COUNCIL

FINANCIAL STATEMENTS

30TH JUNE 2005

HAWKESBURY RIVER COUNTY COUNCIL

General Purpose Financial Reports For the year ended 30 June 2005

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HAWKESBURY RIVER COUNTY COUNCIL

GENERAL PURPOSE FINANCIAL REPORTS

for the year ending 30 June 2005

STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO SECTION 413(2)(C) OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached General Purpose Financial Reports have been prepared in accordance with:

- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting
- The Local Government Asset Accounting Manual.

To the best of our knowledge and belief, these Reports

- Present fairly the Council's operating result and financial position for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 17TH November 2005.

Signed: 
Chairperson

Signed: 
Member

Signed: 
General Manager/Responsible Accounting Officer



**HAWKESBURY RIVER COUNCIL COUNCIL
INDEPENDENT AUDIT REPORT
(S417(2) – Report on the general purpose financial reports)**

Scope

We have audited the attached general purpose financial reports of Hawkesbury River County Council for the financial year ended 30 June 2005. The financial reports consist of the general purpose financial report and Council's statement in the approved form as required by Section 413(2)(c) of the Local Government Act 1993. Our audit responsibility does not extend to the Original Budget figures disclosed in Note 2(a) to the financial statements nor the attached Special Schedules. The Council is responsible for the financial reports. We have conducted an independent audit of these financial reports in order to express an opinion on them to Council.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Concepts and Standards and statutory requirements so as to present a view which is consistent with our understanding of the council's and the economic entity's financial position, the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- (a) the council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993, Chapter 13, Part 3, Division 2; and
- (b) the council's financial reports:
 - (i) have been prepared in accordance with the requirements of this Division; and
 - (ii) are consistent with the council's accounting records; and
 - (iii) present fairly the council's financial position and the results of its operations; and
 - (iv) are in accordance with Statements of Accounting Concepts and applicable Accounting Standards.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial reports that have come to light in the course of the audit.

TRUMAN & CO
Chartered Accountants

Trumans

J P TSOLAKIS
Partner



Trumans
CHARTERED ACCOUNTANTS

10 January 2006

The Chairman
Hawkesbury River County Council
P O Box 6021
SOUTH WINDOSR DELIVERY CENTRE NSW 2756

Dear Sir,

We have completed the audit of the general purpose financial reports of Hawkesbury River County Council for the year ended 30 June 2005. We hereby report in accordance with Section 417(3) of the Local Government Act.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Australian Accounting Concepts and Standards and statutory requirements so as to present a view which is consistent with our understanding of the council's and the economic entity's financial position, the results of their operations and their cash flows.

The books of accounts have been kept in a satisfactory manner and we wish to thank the General Manager for the courtesy extended to us during the audit.

Yours faithfully

HAWKESBURY RIVER COUNTY COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30th June 2005

Original Budget 2005		Notes	Actual 2005 \$'000	Actual 2004 \$'000
	EXPENSES FROM ORDINARY ACTIVITIES			
413	Employee costs	3(a)	433	397
60	Materials & Contracts		30	40
57	Depreciation	3(b)	59	61
148	Other expenses from ordinary activities	3(c)	152	140
-	Loss from the disposal of assets	5	-	-
<u>678</u>	TOTAL EXPENSE FROM ORDINARY ACTIVITIES		<u>674</u>	<u>638</u>
	REVENUE FROM ORDINARY ACTIVITIES			
7	User Charges & Fees	4(a)	120	22
18	Interest	4(b)	22	23
0	Other revenues from ordinary activities	4(c)	4	12
654	Grants & contributions provided for non-capital purposes	4(d&e)	583	653
-	Gain from sale of assets	5	0	5
<u>679</u>	REVENUES FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS		<u>729</u>	<u>715</u>
<u>1</u>	SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES BEFORE CAPITAL AMOUNTS		<u>55</u>	<u>77</u>
-	Grants & contributions provided for capital purposes	4(e&f)	-	-
<u>1</u>	SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES AFTER CAPITAL AMOUNTS		<u>55</u>	<u>77</u>
-	Correction of fundamental error		-	-
<u>1</u>	SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES		<u>55</u>	<u>77</u>
-	Extraordinary items		-	-
<u>1</u>	SURPLUS(DEFICIT) FROM ALL ACTIVITIES	2(a)	<u>55</u>	<u>77</u>
-	Surplus(deficit) attributable to outside equity interests		-	-
1	Surplus(deficit) attributable to Council		55	77

HAWKESBURY RIVER COUNTY COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30th June 2005

	Notes	Actual 2005 \$'000	Actual 2004 \$'000
CURRENT ASSETS			
Cash assets	6	246	60
Investment securities	6	240	330
Receivables	7	60	11
Inventories	8	10	11
Other	8	18	33
TOTAL CURRENT ASSETS		<u>574</u>	<u>445</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	497	533
TOTAL NON-CURRENT ASSETS		<u>497</u>	<u>533</u>
TOTAL ASSETS		<u><u>1071</u></u>	<u><u>978</u></u>
CURRENT LIABILITIES			
Payables	10 (a)	154	121
Provisions	10 (b)	<u>22</u>	<u>31</u>
TOTAL CURRENT LIABILITIES		<u>176</u>	<u>152</u>
NON-CURRENT LIABILITIES			
Provisions	10 (b)	<u>44</u>	<u>30</u>
TOTAL NON-CURRENT LIABILITIES		<u>44</u>	<u>30</u>
TOTAL LIABILITIES		<u><u>220</u></u>	<u><u>182</u></u>
NET ASSETS		<u><u>851</u></u>	<u><u>796</u></u>
EQUITY			
Accumulated surplus		534	479
Asset Revaluation Reserve		210	210
Plant Replacement Reserve		<u>107</u>	<u>107</u>
Council equity interest		<u>851</u>	<u>796</u>
TOTAL EQUITY		<u><u>851</u></u>	<u><u>796</u></u>

HAWKESBURY RIVER COUNTY COUNCIL

**STATEMENT OF CHANGES IN EQUITY
for the year ended 30th June 2005**

Notes Ref.	2005 \$'000				2004 \$'000				Total Equity			
	Accum Surplus	Asset Revaluation Reserve	Plant Replacement Reserve	Council Equity Interest	Outside Equity Interest	Total Equity	Accum Surplus	Asset Revaluation Reserve		Plant Replacement Reserve	Council Equity Interest	Outside Equity Interest
Balance at beginning of the reporting period	479	210	107	796	-	796	509	210	-	719	-	718
Changes in equity recognised in the statement of financial performance	55	-	-	55	-	55	- 30	-	107	77	-	77
Transfers to Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Plant Replacement Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Asset Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Plant Replacement Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Balance at end of the reporting period	534	210	107	851	-	851	479	210	107	796	-	795

HAWKESBURY RIVER COUNTY COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30th June 2005

Budget 2005 \$'000		Notes	Actual 2005 \$'000	Actual 2004 \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	<u>Receipts:</u>			
7	Users charges & fees		67	20
18	Interest		26	23
661	Grants and contributions		583	746
0	Other		19	94
	<u>Payments:</u>			
(360)	Employee costs		(434)	(364)
(60)	Materials & contracts		(16)	(44)
(222)	Other		(126)	(327)
	<hr/>			
44	Net cash provided by (or used in) Operating activities	11(b)	119	148
	CASH FLOW FROM INVESTING ACTIVITIES			
	<u>Receipts:</u>			
31	Sale of property, plant & equipment		32	90
	<u>Payments:</u>			
(53)	Purchase of property, plant & equipment		(54)	(160)
	<hr/>			
(22)	Net cash provided by (or used in) Investing activities		(22)	(70)
	CAH FLOWS FROM FINANCING ACTIVITIES			
	<u>Receipts:</u>			
-	Borrowings & advances		-	-
-	Other		-	-
	<u>Payments:</u>			
-	Borrowings & advances		-	-
-	Other		-	-
	<hr/>			
-	Net cash provided for (or used in) financing activities		-	-
	<hr/>			
22	Net increase/(decrease) in cash assets held		97	78
352	Cash assets at beginning of reporting period	11(a)	390	312
374	Cash assets at end of reporting period	11(a)	486	390

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

A Statement summarising the significant accounting policies adopted by the Council is set out in this note in accordance with the Australian Accounting Standard AAS6 "Accounting Policies: Determination, Application and Disclosure".

(a) The Local Government Report Entity

- (i) The County Council was formed in 1948. The Administrative/Depot Building is situated at 6 Walker Street, South Windsor NSW 2756. The County Council is constituted under the Local Government Act 1993 (as amended), refer Part 5 of the Act, for the specific purpose of controlling and eradicating declared noxious weeds, as required by the provisions of the Noxious Weeds Act 1993. No consolidated accounting is involved and the financial statements represent this single purpose activity.
- (ii) The Council is required under the Local Government Act to maintain a separate and distinct Trust Fund to account for all moneys and property received by the council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those moneys. No monies were received during the year. No balances of such monies were on hand at the start or end of the reporting period.

(b) Basis of Accounting

This General Purpose Financial Report has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual. This General Purpose Financial Report has been prepared on the accrual basis of accounting. Except for assets which are at current cost valuation and employee leave entitlements which are shown at the present value of future cash flows, the report has been prepared in accordance with the historical cost convention.

The Accounting policies adopted for the reporting period are consistent with those of the previous reporting period except where otherwise indicated.

(c) Impacts of adopting Australian equivalents to International Financial Reporting Standards(IFRS)

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1st January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the Council's financial statements for the year ending 30th June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1st July 2004.

The transition to International Financial Reporting Standards is being managed on an industry-wide basis. A National Local government working party has been established, and the NSW Department of Local Government in conjunction with the Local Government Accounting Advisory Group will identify significant changes affecting the industry.

All of the AIFRS have been analysed and the accounting policy changes that will be required have been identified. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the Council.

Based on the assessment made, other than retirement benefit obligations, no material impacts are expected to the Statement of Financial Position, Statement of Financial Performance and Statement of Cash Flows.

Retirement Benefit Obligations

Council is the sponsor of a defined benefit superannuation fund. Under existing Australian GAAP, a liability or asset in respect of defined benefit superannuation does not need to be recognised in the provision for employee benefits. Under AASB 119 Employee Benefits, a liability or asset in respect of defined benefit superannuation is recognised and measured as the difference between the present value of employees' accrued benefits at the reporting date and the net market value of the superannuation fund's assets at that date.

If AASB 119 had been applied during the year ended 30th June 2005, then non-current assets and other revenue would both have been increased by \$15,685 being the Council's share of the actuarial surplus calculated in the fund.

(c) Grants and Contributions

Grants and contributions are recognised as revenues when the Council obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured.

Where grants and contributions are recognised as revenues during the reporting periods and were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in these notes.

Also disclosed is the amount of grants and contributions recognised as revenues in a previous reporting period which were obtained in respect of council's operations for the current reporting period.

(d) Property, Plant & Equipment

- (i) Miscellaneous
There are no infrastructure assets.

All non-current assets purchased or constructed are capitalised as soon as the asset is held “ready for use”.

- (ii) Materially

For assets capitalised since 1 January 1993, the following rules of materiality have been applied where the asset has an economic life which is determined to be longer than one year:

Plant & Equipment	Capitalise if value > \$1000
Office Equipment	Capitalise if value > \$500
Furniture & Fittings	Capitalise if value > \$500
Land – council land	Capitalise
Buildings – construction/extensions	Capitalise
- renovations	Capitalise if value > \$1000
Addition to Network or Grouped) Networked value > \$500
Assets, i.e. computers, tools) Capitalise

- (iii) Valuation of Assets

The Council is exempted from the “Recoverable Amount Test”. Paragraph 2.1 of AAS10 does not apply to Council.

Land and depot building thereon are revalued every three years from the date of prior valuation with exception being four years for the current year only as provided by an agreement with the valuer. Operating assets are valued at their historical cost less accumulated depreciation. Acquisitions after the date of valuation are carried at acquisition cost which materially equates to current cost. Current cost in relation to an asset, means the cost measured by reference to the lowest cost at which the gross service potential of that asset could currently be obtained in the normal course of business.

- (1) Plant and Equipment, Office Equipment & Furniture & Fittings.
Valuations of these asset categories are based on historical cost subject to the materiality thresholds described in Note 1 (d)(ii).
- (2) Land and Depot Building.
International Valuation Consultants Pty Ltd of Pitt Street, Sydney valued the operational land and depot building in August, 2000, on the basis of “Market Value for the Existing Use for AAS27 Purposes”.

The carrying amounts of the assets were affected as follows:

Land - increased \$70,000 from \$150,000 to \$220,000; and
Depot Building - decreased \$126,391 from \$231, 000 to \$105,000.

The Asset Revaluation Reserve was reduced from \$266,500 to \$210,109 to reflect the changes made to the carrying values of the assets over their historical costs.

All acquisitions made after the dates of valuation are recorded at cost.

(3) Depreciation of Non-Current Assets.

With the exception of some assets acquired/constructed prior to 1 January 1993, all assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis, using a standard range of rates for the local government industry which are reviewed annually.

Major depreciation period's are:-

Buildings	30 Years
Office Equipment	10 Years
Safety Equipment	10 Years
Computers, fax & copiers	5 Years
Vehicles	5 Years
Plant	6 Years

(e) Investments

Term Deposits and money at call are recognised at cost. Interest revenues are recognised as they accrue.

(f) Employee Benefits

Employee benefits are accrued on a pro-rata basis for annual leave, sick leave and long service leave and gratuities in respect of services provided by employees up to the reporting date in accordance with AASB1028. Such accruals are assessed as at each reporting date, having regard to a number of factors including experience of employee departures, projected employee rates of pay and their periods of service.

The Standard requires liabilities in respect of wages and salaries, annual leave, and sick leave to be measured at their 'nominal' amounts. The Standard also requires Long Service Leave benefits expected to be settled within 12 months of reporting date to be measured at their 'nominal' amounts. The nominal basis of measurement uses remuneration rates that Council expects to pay as at each reporting period and does not discount cash flows to their present value.

Long Service Leave benefits expected to be settled more than 12 months after reporting date to be measured at 'present value'. The Standard requires the market yields on national government bonds to be used in determining the present value of employee benefit liabilities.

With sick leave, Council's experience indicates that, on average, sick leave taken is less than annual entitlements and such entitlements do not vest. No such entitlement is brought to account.

As at reporting date there are no employee gratuities.

Council has recognised the aggregate liability and aggregate asset arising from the employee benefits and related on-costs. In contrast to the previous Standard, Council previously disclosed the aggregate employee entitlement liability recognised which excluded on-costs.

All employee costs were measured at nominal values as follows:

Long Service Leave

- 70% of the proportional liability brought to account for employees with less than five years service. (Previously 50% of the proportional liability was brought to account for employees with less than five years service with a proportional entitlement for employees with between five and ten years service and an absolute entitlement for employees with ten or more years service).
- The absolute award entitlement for employees with five or more years service. (New State Award Conditions). The amounts provided have been apportioned between current and non-current. The current provision being the proportion of the absolute entitlement that is expected to be paid within the next twelve months. The balance of the amounts provided comprise the non-current provision. (Previously, the current provision comprised the amount for leave having an absolute entitlement for employees with ten or more years of service).

Annual Leave

The proportional entitlement to the reporting date.

The amounts provided have been apportioned between current and non-current. The current provision being that portion that is expected to be paid within the next twelve months with the remainder comprising the non-current provision. (Previously, the current provision comprised all annual leave entitlements).

Superannuation

The superannuation expense for the year is the amount of the statutory contribution the council makes to the superannuation plan which provides benefits to its employees.

The following disclosures are made pursuant to AASB 1028, paragraph 6.10:

As at balance date one council employee was making contributions to a defined superannuation scheme referred to as the Local Government Superannuation Scheme Division B. That scheme was one of five superannuation schemes provided by State Super which were incorporated, without change, into the Local Government Superannuation Scheme from 1 July 1997.

A defined benefit scheme may generally be described as one where the amount of benefits payable are, in part, defined by a members final salary. This scheme, which is heavily subsidised by the members' employer, was closed to new members on 1 July 1985. The benefit payable on retirement is directly related to a member's final salary and the level of their contributions. This benefit is drawn from a pool that contains the accumulated contributions of both the member and employer plus investment earnings.

Section 6.10 of the AASB 1028 addresses Superannuation disclosures. The requirements are that assets and liabilities should be determined in accordance with Australian Accounting Standard AAS 25.

This information has been calculated by the Scheme's Actuary for each Council or organization.

Estimated Position as at 30 June 2005

The estimated assets and liabilities of the County Council as at 30 June 2005 are as follows:

Code	Employer	Employer Liability	Employer Assets	Surplus
X16000	Hawkesbury River County Council	\$111,504	\$127,189	\$15,685

The total number of "equivalent full time" employees at the beginning and end of the financial year were 7.4 and 7.4 respectively.

(g) Inventories

Herbicide inventories have been valued at cost subject to adjustment for loss of service potential. Costs have been assigned to particular inventory items by the method of weighted average cost.

(h) Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars.

(i) Budget Information

The Statements of Financial Performance provides budget information on major income and expenditure items. Details of material budget variations are detailed in Note 16.

Note 2 (a) also provides budget information of revenues and expenditures of each of the major activities of the council. Budget figures represented are those approved by Council at the beginning of the financial year and do not reflect Council approved variations throughout the year.

(j) Financial Instruments

The disclosure requirements of AAS33 – "Presentation & Disclosure of Financial Instruments" is detailed in Note 15.

(k) Payables and Other Current Liabilities

Creditors and other current liabilities are amounts due to employees or to external parties for the purchase of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid within 30 days after initial recognition. Interest is not payable on these.

**HAWKESBURY RIVER COUNTY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 (a) FUNCTIONS

	Revenues, Expenses & Assets have been directly attributed to the following functions/activities Details of those functions/activities are provide												
	EXPENSES FROM ORDINARY ACTIVITIES			REVENUES FROM ORDINARY ACTIVITIES			OPERATING RESULTS FROM ORDINARY ACTIVITIES BEFORE SHARE OF OUTSIDE PROFITS & CORRECTIONS			GRANTS INCLUDED IN REVENUES FROM ORDINARY ACTIVITIES		TOTAL ASSETS HELD (CURRENT AND NON-CURRENT)	
	Original Budget 2005 \$' 000	Actual 2005 \$' 000	Actual 2004 \$' 000	Original Budget 2005 \$' 000	Actual 2005 \$' 000	Actual 2004 \$' 000	Original Budget 2005 \$' 000	Actual 2005 \$' 000	Actual 2004 \$' 000	Actual 2005 \$' 000	Actual 2004 \$' 000	Actual 2005 \$' 000	Actual 2004 \$' 000
Functions:													
Governance Administration		59 41	73 50		- 36	- 36		(59) (5)	(73) (14)		36 36		
Health:													
Noxious Weeds		471	500		207	266		(264)	(234)		207 261		1072 978
Economic Affairs:													
Private Works		103	15		117	20		14	5		- -		- -
Total Functions & Activities	0	674	638	0	360	322	-	(314)	(316)	243	297	1072	978
Shares of gains in associates & joint ventures using the equity method													
Fundamental error													
Extraordinary items													
General Purpose Revenues					369	393		369	393				
Surplus/(Deficit) from all activities				-	55	77	-	55	77				

NOTE 2(b) COMPONENTS OF FUNCTIONS

The activities relating to the Council's functions reported on in Note (2a) are as follow

Governance

Costs relating to the Council's role as a component of democratic government, including member fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administrative costs.

Administration

Costs not otherwise attributed to other functions

Health - Noxious Weeds

Administration and inspections and all activities associated with noxious weeds

Economic Affairs

Private works (Category 2 Business Activity) for individuals and authorities related to weed control on private lands.

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 EXPENSES FROM ORDINARY ACTIVITIES	Actual 2005 \$'000	Actual 2004 \$'000
(a) Employee Costs		
Salaries and Wages	310	302
Employee Leave Entitlements	41	44
Superannuation	37	22
Workers' Compensation Insurance	15	15
Other Employee Costs	25	7
Training Costs	5	7
Total Operating Employee Costs	<u>433</u>	<u>397</u>
(b) Depreciation & Amortisation		
Plant & Equipment	48	49
Buildings	7	7
Office Equipment and Furniture & Fittings	4	5
Total Depreciation & Amortisation Expenses	<u>59</u>	<u>61</u>
(c) Other Expenses		
Other Expenses for the year include the following:		
Members' Expenses	39	40
Insurances - Other	5	4
Public Liability/Pers. Accident	22	21
Depot Services	8	7
Telephone	2	2
M/Vehicle Registration & Other Plant Costs	46	18
Destruction Weeds "Non Wages"	28	38
Printing & Stationary	2	2
Office Expenses	3	3
Other Expenses	25	3
Audit Fees	2	2
Total Other Expenses from Ordinary Activities	<u>182</u>	<u>140</u>

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4	REVENUES FROM ORDINARY ACTIVITIES	Operating		Capital	
		Actual 2005 \$'000	Actual 2004 \$'000	Actual 2005	Actual 2004
(a)	USER CHARGES & FEES				
	User Charges				
	Weed Eradication Private Property	117	20		
	Total User Charges	<u>117</u>	<u>20</u>		
	Fees				
	Discretionary Fees				
	* Issue-Certificate-Property	3	2		
	Total User Charges & Fees	<u>3</u>	<u>22</u>		
(b)	INTEREST				
	Interest on Investments	22	23		
	Total Interest Revenue	<u>22</u>	<u>23</u>		
(c)	OTHER REVENUES				
	Prosecution Penalties and Other	4	12		
	Total Other Operating Revenues	<u>4</u>	<u>12</u>		
(d)	GRANTS - Operating				
	Specific Purpose:				
	* Noxious Weeds	243	297	-	-
	* Capital Purposes	-	-	-	-
	Total Grants	<u>243</u>	<u>297</u>	<u>-</u>	<u>-</u>
(e)	Contributions				
	* Constituent Councils	340	311		
	Others	-	45	-	-
	Total Contributions	<u>340</u>	<u>356</u>	<u>-</u>	<u>-</u>
	TOTAL GRANTS AND CONTRIBUTIONS	<u>729</u>	<u>653</u>	<u>-</u>	<u>-</u>

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 GAIN OR LOSS ON DISPOSAL OF ASSETS

	Actual 2005 \$'000	Actual 2004 \$'000
Gain (or Loss) on Disposal of Plant & Equipment		
Proceeds from Disposal	32	90
Less:		
Carrying amount of assets sold	(32)	(85)
Gain (or Loss) on disposal	<u>-</u>	<u>5</u>
Net Gain (or Loss) on Disposal of Assets	<u>-</u>	<u>5</u>

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 (a) CASH ASSETS AND INVESTMENT SECURITIES

	Actual 2005		Actual 2004	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
<u>CASH ASSETS</u>				
Cash on Hand and at Bank	246	-	60	-
TOTAL CASH ASSETS	246	-	60	-
<u>INVESTMENT SECURITIES</u>				
Term Deposits	240	-	330	-
TOTAL INVESTMENT SECURITIES	240	-	330	-
TOTAL CASH ASSETS AND INVESTMENT SECURITIES	486	-	390	-

RESTRICTED CASH ASSETS AND INVESTMENT SECURITIES SUMMARY

Purpose	Actual 2005		Actual 2004	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
<u>EXTERNAL RESTRICTIONS</u> included in liabilities				
- Operating Grant (J) *	103	-	92	-
TOTAL EXTERNAL RESTRICTIONS	103	-	92	-
<u>INTERNAL RESTRICTIONS</u>				
- included in liabilities	-	-	-	-
- Other	107	-	107	-
TOTAL INTERNAL RESTRICTIONS	107	-	107	-
TOTAL UNRESTRICTED	276	-	191	-
TOTAL CASH ASSETS AND INVESTMENT SECURITIES	486	-	390	-

* (J) Grants -

(a) which are not yet expended for the purposes for which the grants were obtained. Details follow:
\$3,000 of LGAG/DIPNA Willows Operating Grant for 04/05.

(b) Carried forward for ongoing projects:
\$100,000 for 2005/2006 Salvinia Project

Refer to Note 10 (a) Payments Received in Advance.

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 (b) DETAILS OF MOVEMENTS & UTILISATION OF RESTRICTED CASH ASSETS & INVESTMENTS

Restrictions	Notes	Movements		Proposed Utilisation of Restriction			
		Opening Balance 1 July 2004 \$'000	Transfers To Restriction \$'000	Transfers From Restriction \$'000	Closing Balance 30 June 2005 \$'000	Less than 1 Year	Greater than 1 Year
<u>External</u> Operating Grant	6a	92	100	89	103	103	-
Total		<u>92</u>	<u>100</u>	<u>89</u>	<u>103</u>	<u>103</u>	<u>0</u>
<u>Internal</u> Plant Reserve		- 107			107	40	67
Total		<u>107</u>	<u>-</u>	<u>-</u>	<u>107</u>	<u>40</u>	<u>67</u>
Total Restriction		<u>199</u>	<u>100</u>	<u>89</u>	<u>210</u>	<u>143</u>	<u>67</u>

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 RECEIVABLES

<u>Purpose</u>	Actual 2005		Actual 2004	
	Current	Non Current	Current	Non Current
	\$ '000	\$ '000	\$ '000	\$ '000
User & Other Charges *	60		7	-
Accrued Interest on Investments	-		4	-
Total - Unrestricted Receivables	60	-	11	-

* Net of Provision for Doubtful Debts

NOTE 8 INVENTORIES & OTHER ASSETS

	Actual 2005		Actual 2004	
	Current	Non Current	Current	Non Current
	\$ '000	\$ '000	\$ '000	\$ '000
Inventories				
* Herbicide Stores	10	-	11	-
Total Inventories	10	-	11	0
Other				
* Prepayments-Insurances etc.	18		33	-
Total Other	18	0	33	0

HAWKESBURY RIVER COUNTY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 (a) PROPERTY, PLANT AND EQUIPMENT

BY ASSET TYPE

	At 30/6/2004				MOVEMENTS DURING YEAR							At 30/6/2005			
	At Cost \$'000	At Valuation \$'000	Accum. Depn \$'000	Book Value \$'000	Asset Purchases \$'000	Entity Acquisitions \$'000	Asset Disposals \$'000	Depn \$'000	Recoverable Amount W/Downs	Recoverable Amount Reversals	Net Revaluation \$'000	At Cost \$'000	At Valuation \$'000	Accum. Depn \$'000	Book Value \$'000
Plant & Equipment	386	-	158	228	54		32	48		14	(15)	394	-	191	203
Office Equipment															
Furniture & Fittings	59	-	50	9	-			4				59	-	54	5
Land															
- Council owned	26	220	-	220				7				26	220	-	220
Buildings	142	105	29	76	-							142	105	36	69
Totals	613	325	237	533	54	-	32	59	-	14	(15)	621	325	281	497

NOTE 9 (b) RESTRICTED, PROPERTY, PLANT AND EQUIPMENT

NIL

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 (a) PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS

	Actual 2005		Actual 2004	
	Current	Non Current	Current	Non Current
	\$ '000	\$ '000	\$ '000	\$ '000
Payables				
* Goods and Services	26	-	12	-
* Employees for Wages etc	8	-	14	-
* Group Tax (PAYE) etc	5	-	3	-
* Goods & Services Tax (GST)	12	-	-	-
* Payments Received in Advance	103	-	92	-
Total Payables	154	-	121	-
Provisions				
* Annual Leave	17	11	19	4
* Long Service Leave	5	33	12	26
Total Provisions	22	44	31	30

NOTE 10 (b) DETAILS OF CURRENT PAYABLE, INTEREST BEARING LIABILITIES AND PROVISIONS

	Other		TOTAL	
	Current 2005	Current 2004	Non Current 2005	Non Current 2004
Payables	154	121	153	121
Interest Bearing Liabilities				
Provisions	22	31	21	31
Total	176	152	174	152

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 STATEMENT OF CASH FLOWS

	Actual 2005 \$'000	Actual 2004 \$'000
(a) Reconciliation of Cash Assets		
Total Cash Assets (per Note 6)	486	390
	486	390
(b) Reconciliation of Surplus/(Deficit) from ordinary activities to Cash from Operating Activities		
Surplus/(deficit) from ordinary activities	55	77
<u>Add:</u> Depreciation	59	61
Increase in employee leave entitlements	5	-
Decrease in inventories	1	-
Decrease in Other Current Assets	15	-
Increase in payables	33	40
Loss on sale of assets	-	-
	168	178
<u>Less:</u>		
Increase in receivables	(49)	(7)
Decrease in Employees Entitlements	-	(9)
Increase in Inventories	-	(6)
Increase in Other Current Assets	-	(3)
Decrease in Payables	-	-
Gain on Sale of Assets	-	(5)
	119	148
Net Cash provided by (or used in) operating activities	119	148

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 COMMITMENTS FOR EXPENDITURE

There are no commitments as at the reporting date for either operating or capital expenditures nor for finance or operating lease arrangements.

**NOTE 13 STATEMENT OF PERFORMANCE MEASUREMENT
For the year 2004/2005**

		Current Yr	Current Yr	Current Yr	Current Yr
		-1	-2	-3	
		Amounts	Indicators		
		'000			
1. CURRENT RATIO					
Factors					
	<u>Current Assets</u>	<u>574</u>			
<hr/>					
	<hr/>				
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HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 CONDITIONS OVER GRANTS AND CONTRIBUTIONS

	Actual 2005 \$'000 Grants	Actual 2004 \$'000 Grants
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period but which are not yet expended in accordance with those conditions are as follows:-		
Unexpended at the close of the previous reporting period	92	51
Less: Expended during the current reporting period from revenues recognised in previous reporting periods.	89	51
Plus: Amounts recognised as revenues in current reporting period but not yet expended in accordance with the conditions.	-	56
Amounts received in advance for following reporting period - not recognised as revenues.	100	36
Unexpended at the close of the current reporting period and held as restricted assets.	103	92
Net increase/(decrease) in restricted assets in the current reporting period.	11	41

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15

FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

The council's exposure to interest rate risk, and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, which the council intends to hold as fixed rate assets and liabilities to maturity.

Fixed Interest maturing in:

2005	Notes	Floating Interest Rate \$'000	≤ 1 Year \$'000	< 1 Year ≤ 5 Years \$'000	< 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
Financial Assets							
	6	246	0	0	0	0	246
	7	0	0	0	0	60	60
	6	0	240	0	0	0	240
		246	240	0	0	60	546
		Weighted Ave. Interest Rate (single investment of \$240K)					
Financial Liabilities							
		0	0	0	0	0	0
	10	0	0	0	0	154	154
		0	0	0	0	0	0
		0	0	0	0	0	0
		0	0	0	0	154	154
		Weighted Ave. Interest Rate 5.63% Matures 20/7/05 (single investment of \$240K)					
		246	240	0	0	(94)	392
Net Financial Assets/ Liabilities							
2004							
	Notes						
Financial Assets							
	6	60	-	-	-	-	60
	7	-	330.00	-	-	11	11
	6	-	0	-	-	-	330
		60	330	-	-	11	401
		Weighted Ave. Interest Rate 5.45% Matures 8/7/04					
Financial Liabilities							
		-	-	-	-	-	-
	10	-	-	-	-	120	120
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	120	120
		Weighted Ave. Interest Rate					
		60	330	0	0	(109)	281
		Net Financial Assets/ Liabilities					

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 15 (Continued)

Financial Instruments

Reconciliation of Net Financial Assets

	Notes	2005 \$'000	2004 \$'000
Net financial assets from previous page			
- Financial Assets		546	401
- Financial Liabilities		(154)	(120)
Net Financial Assets		<u>392</u>	<u>281</u>
Non financial assets and liabilities			
- Inventories		10	11
- Property, plant & equipment		497	533
- Other assets		18	32
- Provisions		(66)	(61)
- Other liabilities		-	-
Net Assets per Statement of Financial Position		<u><u>851</u></u>	<u><u>796</u></u>

Net fair value of Financial Assets

The net fair value of cash and cash equivalents; non interest bearing monetary financial assets and financial liabilities, approximates their carrying value.

The carrying amounts of net fair values of financial assets and liabilities at balance date are as follows:

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 15 (Continued)

Financial Instruments

	2005		2004	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
<u>Financial assets</u>				
Other debtors	60	60	11	11
Investments Other	240	240	330	330
Other assets	246	246	60	60
Total	546	546	401	401
<u>Financial liabilities</u>				
Bank loans	-	-	-	-
Bills payable	-	-	-	-
Other loans	-	-	-	-
Lease liabilities	-	-	-	-
Other liabilities	154	154	120	120
Total	154	154	120	120

HAWKESBURY RIVER COUNTY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 MATERIAL BUDGET VARIATIONS

Council's original budget was incorporated as part of the Management Plan adopted by the Council on 17th June, 2004. The original projections on which the budget was based have been affected by a number of factors. These include State Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council.

This Note sets out the details of material variations between the original budget and actual results for the Statement of Financial Performance. Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amount. All amounts have been round to the nearest \$'000, denoted as "K".

A. Expenses:

The total operating expenses of \$674K were below the original budget of \$678K by \$4K (F) or 0.59%. The significant variance was:

1. Materials & Contracts

Below budget by \$30K (F) 50%, arising from minimal expenditure of a budgeted \$21K for the employment of contractors for weed control and savings in budget provisions for plant repairs and parts.

B. Revenues:

The total operating revenues of \$729K exceeded the original budget of \$679 by \$50K (F) or 7.36%. The significant variances were:

1. User Charges & Fees

Private Works Revenue exceeded budget by \$113K (F) 1614% principally due to unexpected fee for service work received from Government Departments and Agencies (mainly Dept of Agriculture) for work on public lands in lieu of grants.

2. Interest Earned

Exceeded budget by \$4K (F) or 22.22% due to better cash flow and interest rates than anticipated.

3. Other

Other revenues from ordinary activities exceeded budget by \$4K (F). Nil income was budgeted. The additional income came from an Occupational Health and Safety Chemical Training Course conducted by Council.

4. Grant Funds and Contributions

Below budget by \$71K (U) 10.86%. Additional fee for service work received as an offset – see comment on User Fees and Charges above. Advice of grants and conditions are received well after budget is set. Contributions from constituent councils was in accordance with budget.

NOTE 17 STATEMENT OF CONTRIBUTION PLANS – NOT APPLICABLE

NOTE 18 CONTINGENCIES, ASSETS & LIABILITIES NOT RECOGNISED IN STATEMENT OF FINANCIAL POSITION

There are no assets or liabilities which qualify for recognition in the Statement of Financial Position, as a result of knowledge of items in which the Council is engaged in litigation to recover expenses, or where Council has been named as a defendant in actions for specific damages or for other claims pending against Council.

Statewide Mutual – Insurance Liabilities

Council is a member of Statewide Mutual, being mutual schemes providing public liability, property and fidelity guarantee insurance to local government.

Council is liable to contribute its proportionate share of any shortfall arising through the schemes. Statewide has reported the following surpluses as at 30 June 2005:

- Liability Scheme \$2,679,283
- Property Scheme \$3,878,426
- Fidelity Liability Scheme \$727,707

Statewide Mutual have advised: “While Statewide Mutual is now “in the black”, Members should be aware that, in accordance with the terms of the Establishment Deed, a retiring Member is required to contribute to the deficits incurred in the Fund Years during which the Council was a Member. However, as Hawkesbury River County Council’s portion of the surpluses achieved in the years since 1998 have offset its share of the deficit, Council has no contingent liability to the Scheme”. As a result no provision for Statewide Mutual liabilities has been recorded.



HAWKESBURY RIVER COUNTY COUNCIL

SPECIAL PURPOSE FINANCIAL REPORTS (audited)

AND

SPECIAL SCHEDULES (not audited)

30TH JUNE 2005

HAWKESBURY RIVER COUNTY COUNCIL

Special Purpose Financial Reports and Special Schedules For the year ended 30 June 2005

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HAWKESBURY RIVER COUNTY COUNCIL

SPECIAL PURPOSE FINANCIAL REPORTS

for the year ending 30 June 2005

**STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO THE
LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND FINANCIAL
REPORTING**

The attached Special Purpose Financial Reports have been prepared in accordance with:

- NSW Government Policy Statement "*Application of National Competition Policy to Local Government*"
- Department of Local Government Guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*"
- The Local Government Code of Accounting Practice and Financial Reporting
- The Department of Energy, Utilities and Sustainability Best Practice Management of Water Supply and Sewerage Guidelines


To the best of our knowledge and belief, these Reports

- Present fairly the operating result and financial position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

We are not aware of any matter that would render the reports false or misleading in any way.

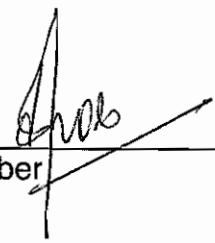
Signed in accordance with a resolution of Council made on 17TH November 2005.

Signed:



Chairperson

Signed:



Member

Signed:



General Manager/Responsible Accounting Officer



Trumans
CHARTERED ACCOUNTANTS

HAWKESBURY RIVER COUNTY COUNCIL

SPECIAL PURPOSE FINANCIAL REPORTS

INDEPENDENT AUDITORS' REPORT

SCOPE

We have audited the *special purpose financial reports* of Hawkesbury River County Council for the year ended 30 June 2005, comprising the Statement by Council, Operating Statement of Business Activities, Statement of Financial Position by Business Activities, and accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with those Australian Accounting Standards adopted and the Local Government Code of Accounting Practice and Financial Reporting so as to present a view which is consistent with our understanding of the business activities of the Council and their financial position and the result of their operations.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the Special Purpose Financial Reports of the Hawkesbury River County Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

TRUMAN & CO
Chartered Accountants

J P Tsolakis
Partner

9 January 2006



HAWKESBURY RIVER COUNTY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE OF BUSINESS ACTIVITY

As at 30th June, 2005

**Private Works Weed Control
Business Activity - Category 2
Private Works**

	Actual 2005 \$'000	Actual 2004 \$'000
Expenses from Ordinary Activities		
Employee Costs	79	8
Materials & Contracts	4	6
Plant Hire Costs	16	1
Other Costs	4	-
Total Expenses from Ordinary Activities	103	15
Revenues from Ordinary Activities		
User Charges & Fees	117	20
Total Revenues from Ordinary Activities	117	20
Surplus (Deficit) from Ordinary Activities before Tax	14	5
Corporate Taxation Equivalent (30%)	4	2
Surplus (Deficit) after Tax	10	3
Dividend Payments (to Council)	14	5
- Adjustments for Amounts Unpaid		
Corporate Taxation Equivalent	4	2
Closing Retained Profits	-	-
RETURN ON CAPITAL (%)	-	-
SUBSIDY FROM COUNCIL	-	-

HAWKESBURY RIVER COUNTY COUNCIL

STATEMENT OF FINANCIAL POSITION OF BUSINESS ACTIVITY
As at 30th June, 2005

Weed Control
Business Activity - Category 2
Private Works

	\$ 2005	\$ 2004
CURRENT ASSETS		
Receivables	-	-
NET CURRENT ASSETS	<u>-</u>	<u>-</u>
NET ASSETS	<u>-</u>	<u>-</u>
EQUITY		
Accumulated Surplus	-	-
TOTAL EQUITY	<u>-</u>	<u>-</u>

Declared Business Activities

In accordance with Pricing & Costing for Council Businesses – A Guide to Competitive Neutrality, council has declared that the following are to be considered as business activities:

Category 2

Name	Annual Sales Turnover	Brief Description of Activity
Private Works	\$10,000 – \$40,000 *	Weeds Control on Private Property

* During 2004/2005 there was extraordinary turnover due to the Department of Agriculture engaging Council to undertake work on public land in lieu of the payment of grants.

(i) Taxation Equivalent Payments

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Report) just like all other costs. However, where council does not pay some taxed which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR. For the purposes of disclosing comparative information relevant to the private sector equivalent the following taxation equivalents have been applied to all council nominated business activities (this does not include council's non-business activities).

	<u>Notional Rate Applied %</u>
Corporate Tax Rate	30%
Sales Tax	Not Applicable
Land Tax	Not Applicable
Stamp Duty	Not Applicable
Payroll Tax	Not Applicable
Other Taxes or Charges	Not Applicable

Income Tax

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (Operating Result before Capital Amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 34%.

Income Tax is only applied where a positive Operating Result before Capital Amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the "Council" as the owner of the business operations, it represents an internal payment and has not effect on the operations of the council.

Accordingly, there is no need for disclosure of internal charges in the GPFR. The rate applied of 34% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations which may have occurred during the year.

Local Government Rates & Charges

A calculation of the equivalent rates and charges has not been applied as there are no assets owned or exclusively used by the business activity.

Loan & Debt Guarantee Fees

These are designed to ensure that council business activities face “true” commercial borrowings costs in line with private sector competitors. In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council’s borrowing rate for its business activity. However, as Council is not a borrower, no such calculation has been made.

(ii) **Subsidies**

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised in order for council to meet its community service obligations. The overall effect of subsidies is contained within the Statement of Financial Performance by Business Activity which reveals that a small subsidy was necessary although surpluses have been recorded for prior periods.

(iii) **Return on Investments (Rates of Return)**

The Policy Statement requires that councils with Category 1 businesses “would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field”. The rates of return achieved from a council’s major business activities are paid to the council as owner of the business. Funds are subsequently available for meeting commitments or financing future investment strategies. Council’s business is a Category 2 business which is a small auxiliary activity which does not “own” any assets. Hence, a statement of Financial Position is not appropriate nor a Rate of Return calculation.

(iv) **Dividends**

Council is not required to pay dividends to either itself as owner of the business activity or to any external entities. Consequently, any form of dividend payment is purely notional. Council adopts the policy that all surpluses are eliminated in the Operating Statement of Business Activities.

The Financial Statement of Financial Performance shows any surplus/(deficit) after tax, as a dividend, together with the notional taxation equivalents. Any deficit after tax is shown as a subsidy from Council.

10.20 SPECIAL SCHEDULES

Policy Statements

10.20.1 Councils shall prepare the following special schedules in the format provided in Appendix A8 of this Code.

Schedule 1	-	Net Cost of Services
Schedule 2 (a)	-	Statement of Debt Service
Schedule 2 (b)	-	Statement of Borrowings

10.20.2 Schedule 1 must be prepared on a consolidated basis “net of internal transactions”.

10.20.3 Schedules must be submitted to the Department by no later than the close of business on the 5th working day of November following the financial year end.

Discussion

The special schedules have been designed to meet the requirements of special purpose users such as the NSW Grants Commission, the Australian Bureau of Statistics (ABS), the Department of Land and Water Conservation (DL&WC) and the Department of Local Government. The financial data is collected for various uses including the allocation of Financial Assistance Grants, for general purpose councils, incorporation in national statistics, monitoring of loan approvals, allocation of borrowing rights and monitoring of financial activities of specific services.

Special Schedule 1 is required by the Grants Commission and must be provided after eliminating all internal transaction such as administration costs charged by one function in servicing another.

Schedule 2 (a) and (b) is required by the DLG, for monitoring loan allocations and their use.

HAWKESBURY RIVER COUNTY COUNCIL

SPECIAL SCHEDULE - Schedule No. 1

**NET COST OF SERVICES
For the year ended 30 June 2005
\$ '000**

Function of Activity	EXPENSES FROM ORDINARY ACTIVITIES		REVENUES FROM ORDINARY ACTIVITIES			NET COST OF SERVICES	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Governance	59		-	-	-	59	
Administration	41		36	-	36	5	
	100	100	36	-		64	64
Health							
Noxious Plants	471	471	207	-	207	264	264
Economic Affairs							
Private Works	103	103	117	-	117	(14)	(14)
Totals - Functions	674	674	360	-	360	314	314
General Purpose Revenues			369	-	369	(369)	(369)
Surplus (Deficit) from All Activities	55	55			-	55	55
	729	729	729	-	729	-	-

NOTES: 1. Includes contributions from Constituent Councils & Government Agencies
2. As reported on the Statement of Financial Performance

SPECIAL SCHEDULE - Schedule No. 2a

STATEMENT OF LONG-DEBT DEBT

There are no borrowings nor were there any the previous year.

SPECIAL SCHEDULE - Schedule No. 2b

STATEMENT OF INTERNAL LOANS

There are no internal loans nor were there any the previous year.

HAWKESBURY RIVER COUNTY COUNCIL

SPECIAL SCHEDULE NO. 7

CONDITION OF PUBLIC WORKS

as at 2004/2005
(\$'000)

Asset Class	Asset Category (as determined by Council)	Depr Rate (%) (specific rate or range of rates)	Depr Expense \$'000	Cost \$'000	Valuation \$'000	Accum Depr \$'000	WDV \$'000	Asset Condition (refer details attached)	Estimated Cost to bring to a satisfactory standard \$'000	Estimated Annual Maintenance Expense \$'000	Estimated Annual Capital Works \$'000	Program Maintenance Works for current year \$'000	Program Capital Works for current year \$'000
		Per Note 1	Per Note 4	Per Note 9				Per Section 428 (2d)					
Public Buildings *	Council Works Depot and Office *	3.33	7	142	105	36	69	Satisfactory	Nil	Nil	Nil	Nil	Nil

* Being a works depot the public is prevented from accessing the major part of this building and access to the office area is only permitted in the company of a Council employee.